

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7472

BILL NUMBER: HB 1682

DATE PREPARED: Jan 19, 1999

BILL AMENDED:

SUBJECT: Levy appeal for fire protection districts.

FISCAL ANALYST: Bob Sigalow

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill allows a fire protection district contracting with a municipality for fire protection to appeal to the State Board of Tax Commissioners to increase the maximum permissible levy of the district to allow the district to pay a fair and reasonable amount to a municipality providing fire protection within the district. (Current law allows townships to make such an appeal.) Reconciles conflicts enacted by the 1995 General Assembly (shown in italicized type).

Effective Date: July 1, 1999; March 1, 2001.

Explanation of State Expenditures: The state would not incur any additional Property Tax Replacement Credit liability under this bill.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, a township may appeal for an excessive levy in the township Fire Fund. The amount of levy increase in the township's first appeal may not generate a tax rate that is more than one-half of the difference between the township and municipal fire rates. If the township desires to do so, it may appeal a second time. The resulting total township fire tax rate after the second appeal may not exceed the municipal fire tax rate.

This bill would extend this appeal to fire protection districts as well as townships. In 1998, there were 45 fire protection districts in the state with a total levy of about \$6.7 million. The fiscal impact depends on local and state action. If a district appeals for a maximum levy increase and if the appeal is approved, then the tax rate for all taxpayers in the district will increase. The amount of the total increase in the first and second years could be as much as the difference between the district fire rate and the municipal fire rate.

An increase in the district's levy could also cause an increase in the district's share of county adjusted gross income tax (CAGIT), county option income tax (COIT), excise tax, and financial institutions tax (FIT) revenues. These taxes are distributed to local units based on a unit's share of the total of all levies in the county. An increase in these revenues for the district would come at the expense of other units in the county.

State Agencies Affected: Local Government Property Tax Control Board; State Board of Tax Commissioners.

Local Agencies Affected: Fire protection districts.

Information Sources: Local Government Database.